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### BRIEFS

**COLOMBO, July 18:** The Sri Lanka government has awarded Italy's Fiat Avio a contract to build a 1.6 billion rupee (19 million dollar) gas turbine power generation plant, a government official said.

Fiat had been picked from among four other companies who bid for the project, media minister Dharmasiri Senanayake said on Wednesday.

The power plant is expected to be completed by mid-1997, and will have a generation capacity of 80 to 220 megawatts, he added.

Facing a severe power crisis, the Sri Lankan government has encouraged foreign investment into the power sector, amid considerable opposition from trade unions.

**BEIJING:** China has stopped granting licences for new shipping companies and the expansion of existing ones to halt unbridled competition, the Xinhua News agency reported Thursday.

As of July 1, no passenger ships, vessels carrying liquid gas or chemicals and cargo ships with a capacity greater than 10,000 tons will be licensed without the approval of the Ministry of Communications, the state-run news agency said.

The ban and tightened control applies to both domestic and international shipping. More regulations are likely. Xinhua said the ministry will investigate the shipping market to strengthen management.

Maritime shipping has been plagued with problems, such as an uncontrolled increase in handling capacity and chaotic competition, as some shippers recklessly pursue profit, Xinhua said.

By the end of last year, the ministry had approved 290 companies for international shipping, 1,300 for offshore transport and more than 5,100 for internal waterways.

**TOKYO:** Japan's Fujitsu Ltd and NEC Corp. are expecting much higher orders for supercomputers in the current fiscal year ending March 1997, helped by sales of innovative new supercomputers, company spokesmen said Thursday.

The new supercomputers cost about 500,000 dollars for a basic model, compared to starting prices of around five million dollars for standard supercomputers a few years ago, Fujitsu spokesman said.

Fujitsu hopes to sell a total of 140 supercomputers this fiscal year ending March 1997, twice as many as the year before, the Fujitsu spokesman said.

NEC is targeting 67 units to be sold this fiscal year compared to 41 sold the year before, an NEC spokesman said. The spokesman didn't provide total sales estimates in monetary terms. The new supercomputers use Complementary Metal Oxide Semiconductor technology, which consumes less electricity than chips used by traditional supercomputers, the Fujitsu spokesman said.

**Daihatsu Motor Co. of Japan** will export its domestically popular small reaction vehicle to Europe and Australia starting early next year, a company spokesman said Thursday.

Daihatsu has sold a total of 126,550 "Move" models during the 11-month since the company began selling it in Japan last August, Daihatsu spokesman Tomoya Kanamaru said.

Domestic sales during the period were twice as high as the original sales target, Kanamaru said. The model has an engine displacement of 660 cc.

Kanamaru said specific sales targets for each of the nations to which the vehicle will be exported are to be worked out later.

Daihatsu, based in Ikeda, western Japan, specializes in the manufacture of small cars and commercial vehicles. Toyota Motor Corp is its largest stockholder.

**JAKARTA:** Merpati Nusantara Airlines plans to fly three flights a week between Jakarta and Melbourne, Australia's second most populous city, from August 6, the Jakarta Post reported on Thursday.

The newspaper quoted Merpati president Budiarto Subroto as saying the airline, which is mainly an internal carrier within Indonesia, had purchased a secondhand Airbus A310-300 for the new route.

Merpati also flies between Denpasar and Port Hedland in Western Australia state, and Kupang and Darwin, in the Northern Territory.

**WELLINGTON:** South Korea could become New Zealand's fourth-largest export destination this year, the head of the Korea-New Zealand Business Council said Thursday.

Chairman James Corke said at the council's annual meeting in Auckland that exports to South Korea grew by more than 10 per cent last year to more than one billion New Zealand dollars (690 million US dollars).

Imports were up from 322 million New Zealand dollars to 322 million US dollars, to 566 million New Zealand dollars (390 million US dollars).

— Source: AP

## Peregrine prepares report on Bangladesh Capital market lacks in-depth maturity

by Rafiq Hasan

Despite promising performances over the last five to six months, the capital market in Bangladesh lacks in-depth maturity which is found in other established capital markets in the region, said a Hong Kong-based investment bank report.

The Bank named Peregrine suggested the shifting of funds from banks, insurance companies and pension funds into the stock markets for building a more solid foundation of capital market in the country.

The report prepared by its local office said the Trust Acts of 1882 and the Insurance Act of 1938 limited the investment of life insurance funds, provident funds and trust funds to government securities.

The bank hoped that this control might be liberalised in the next — one to two years.

Mentioning other major constraints to liquidity in the country, the report criticised the existing company law

which penalises companies with subsidiaries through double taxation on the dividends issued by the subsidiaries.

As a result, larger industrial groups create fresh companies for each new project undertaken instead of creating large holding companies, report observed.

Reviewing the activities of Dhaka Stock Exchange, the Peregrine report said, the DSE has only 17 companies with market capitalisation of more than 20 million US dollars, many of which have small free floats that they do not trade very regularly.

Stock trading is based on historical performance and rumours rather than prospective multiples and ratio analysis, the report noted.

Describing the country's long-term prospect as "much brighter," the report said when the pending legislation permitting life insurance companies and pension funds to

invest in the equity market is passed, it will bring in fresh funds to improve the overall liquidity and depth of the market.

Additional mutual funds are also expected to be launched in the next year which will also strengthen the market.

Regarding overall economic performance of the country, it observed that despite turbulent history Bangladesh has a very stable economy built on sound fundamentals.

The economy has grown at an average rate of over 4 per cent in the last five years.

The rate of inflation is fairly low compared to other countries in the region and Taka has been extremely stable.

Although the country suffers from a chronic trade deficit, the current account deficit has been kept in check.

As the country does not receive huge inflows of "hot money" it is very unlikely that a Mexico-style crisis will affect Bangladesh, the report commented.

### Osmania Glass achieves record production

**CHITTAGONG, July 18:** Osmania Glass Factory, an enterprise of Bangladesh Chemical Industries Corporation (BCIC), produced over two crore square feet of glass sheet during the last financial year.

An official source told BSS that the factory achieved record production during the same period with the implementation of balancing, modernisation, replacement and expansion (BMRE) programme with Taka 40 crore financial assistance of Belgium government.

With the implementation of BMRE in October, 1995, the production of the factory increased from 1.34 crore to 2.60 crore square feet glass sheet, the source said.

The source also claimed that with the massive production the factory is now fully competing in the market by reducing prices of its product.

The factory sold 1.76 crore square feet of glass sheet during the last fiscal year which was 96 lakh square feet more than that of the fiscal year of 1994-95, the source said.

SAMS Kibria emphasised establishing supportive mutual relation between the government and business community to help expand trade and commerce as well as develop industries sector in the country.

## All possible steps for foreign investment to be taken : Kibria

Finance Minister SAMS Kibria Wednesday said all possible steps would be taken to expand private sector industry and create favourable atmosphere for foreign investment in the country, reports UNB.

He gave the assurance while exchanging views with the representatives of different trade bodies including FBCCI, DCCI and MCCCI during a budget discussion in the conference room of the Ministry of Finance.

The Finance Minister said the government was giving priority to setting up export-oriented industries alongside the flourishing of agro-based industry for restructuring the country's economy.

The present government, he said, is accountable to the people for all its programmes and activities in every sector. It will plan and conduct its economic programmes to ensure rights of the people.

SAMS Kibria emphasised establishing supportive mutual relation between the government and business community to help expand trade and commerce as well as develop industries sector in the country.

Secretary of Internal Revenue Division of the Ministry and Chairman of National Board of Revenue Dr. Sadaul Hussain, president of the Federation of Bangladesh Chambers of Commerce and Industry Salim F. Rahman and other chambers' leaders were present at the meeting.

### IMF announces \$446m loan for Kazakhstan

**WASHINGTON, July 18:** The International Monetary Fund announced Wednesday a 446 million dollar credit for Kazakhstan to support the government's three-year economic reform programme, says AFP.

The first portion of the loan 54 million dollars was expected to be released later this year.

Kazakhstan has already begun to implement market reforms with IMF support.

The plan aims to reduce inflation from 60 per cent in 1995 to 26 per cent this year.

## EU farm chief proposes plan to stabilise beef market

**BRUSSELS, July 18:** The European Union's top agricultural official, proposed a range of measures Wednesday to stabilise the EU's beef market, devastated by the recent scare over mad cow disease, reports AP.

EU Agriculture Commissioner Franz Fischler said his proposals were aimed at helping struggling beef producers and avoiding "massive" surpluses bought by the EU.

"We've got to bring things more into line with what the market is demanding," Fischler told a news conference after winning backing for his proposals from the rest of the European Commission, the EU executive body, in Strasbourg, France.

Fischler's plan must be approved by the 15 EU agriculture ministers, who plan to consider it at a meeting here Monday.

He said the mad cow crisis will likely result in an 11 per cent drop in beef consumption across the EU this year. Beef prices have already dropped by 15 per cent and are still falling, he said.

To offset falling demand, the EU has already bought 180,000 tons of unwanted beef and, under current trends, may have to purchase another 420,000 tons by the end of the year, Fischler said.

The buy-up, along with EU aid to farmers, has already cost 1.5 billion European currency units (1.9 billion dollars), the Commission estimates.

Fischler said "urgent and radical action" was needed to prevent costs from going out of control.

To cut production, he proposed steps to encourage slaughter of young cattle and to cut the size of herds for which a farmer can claim EU subsidies.

He also called for a cap on future purchases of unwanted beef. The buy-up should be limited to 400,000 tons for this year and 350,000 tons for 1997, he said.

To boost consumption of beef, Fischler called for a publicity campaign to convince the public that beef is safe.

He also demanded that beef producers help generate demand by passing price drops within the industry on to consumers.

Britain sparked the mad cow crisis in March when it announced a probable link between mad cow disease — an ailment found in British herds — and a human brain disease that has killed 10 Britons and one French person.

The EU has struggled since then to restore public trust in beef and to repair major damage to the EU market.

### Smuggled Indian goods seized in Brahmanbaria

**BRAHMANBARIA, July 18:** Bangladesh Rifles seized smuggled Indian goods worth Taka 11 lakh from a Dhaka-bound intercity train near Marasani Railway station on July 5, reports UNB.

According to a delayed information, BDR jawans of Alinagar border outpost recovered the contraband including 597 pieces of Indian sarees, 30 bottles of phenylidyl syrup and 750 gram ganja.

They also arrested two smugglers in this connection and handed over them to the railway police. All the goods were deposited with the Akhaura Customs office.

Another report says: Three smugglers were arrested while snatching away goods from the people in the area of Ashuganj thana on July 7.

Police sources said two snatchers — Hira, Miah and Mubarak — were caught red handed from the spot while they were snatching one wrist watch and Taka 200 from two officials of Power Development Board.

Later, Belal, another accomplice of the miscreants, was also rounded up by police near Zia Fertilizer Factory while he was committing another hijacking.

Separate cases were filed with the police.

## Row over winning deal in India Airbus starts legal action against Boeing

**NEW DELHI, July 18:** European aircraft consortium Airbus Industries has started legal proceedings against US rival Boeing Co for making allegedly misleading statements about its plans to win a lucrative deal in India, a daily newspaper said today, reports AFP.

Airbus India President Kiran Rao said the Seattle-based firm, which is in the race for a two-billion-dollar contract to supply Medium Capacity Long-Range (MCLR) aircraft to state-run carrier Air India, had played foul.

"It is not just on the MCLR deal in India, but repeatedly over the past one year, the company has been saying wrong things about US," he told the Times of India, the country's most prestigious newspaper.

"Our lawyers in France and the US have begun proceedings in the matter today (Wednesday). We insist they retract their statements about the underperformance of our A330 and A340 models."

Further details of the nature and stage of the legal action were not provided. No independent confirmation of the report was immediately available. Rao said Dinesh Keskar, who heads Boeing's operations in India, had during a presentation here on Tuesday

wrongly stated that the speed of the A340 craft was mach 0.80 instead of mach 0.82.

The figure was cited by Boeing to say that the A340 will lag behind the Boeing 777," he said, adding that a claim that Boeing enjoyed a 70 per cent global market share in this segment was also false.

Keskar had pitched the Boeing 777 as a better alternative saying many airlines including United, Singapore Airlines, Malaysian Airlines, Cathay Pacific and Korean Air had opted for it instead of the Airbus models.

It boasted 30 more seats than the Airbus planes, he said. Keskar said he had not received a legal notice, adding that Boeing had quoted figures about speed and performance from the official airline guide.

Airbus Industries President Jean Piersen had in a visit last year said he expected annual air passenger traffic in India to grow by seven per cent in the next 20 years, against the global average of five per cent.

The four-nation consortium won its first order in India in 1975, barely five years after it was founded. There are 52 Airbus aircraft flying in Indian skies.

### AS/400 training package workshop concludes

**AS/400 Training Package Workshop**, the first such training package workshop to be held in Bangladesh, came to an end at the IBM Education Centre, Mohakhali, yesterday, says a press release.

It marks the first occasion that IBM World Trade Corporation, Bangladesh Branch, has arranged for such a package training with trainers from abroad to develop the skills of their AS/400 customers.

The course started on July 2. The participants came from the various organisations in Bangladesh who have bought AS/400 recently. At the conclusion of the course, the participants formed the "AS/400 User Club" — the first of its kind in Bangladesh.

AS/400 is the most successful business server of IBM company with over 376,000 installations worldwide. In Bangladesh alone, IBM can boast of more than 20 installations, with numbers increasing everyday. Although this is known as primarily a business computer, targeted mainly at small to medium size businesses, this computer recently is continuing to stay in the limelight because of its role in the Olympics this year.

There will be 80 AS/400 Advanced Servers to run tasks ranging from financial applications to warehouse management to an information system from the 150,000 Olympic family members.

## Japan's trade surplus drops 40pc in 1st half

**TOKYO, July 18:** Higher imports pushed Japan's overall trade surplus down 40 per cent in the first half of the year, marking the biggest decline in 16 years for a six-month period, the Finance Ministry announced Thursday, reports AP.

The rapid pace of decline in Japan's trade balance with the rest of the world slowed to 26 per cent in June, however, the amount of that surplus was higher than many analysts expected.

But large reductions in the merchandise trade surplus in the first several months of 1996 left Japan with an overall decline of 40 per cent for the half-year period compared with the same period last year, the ministry said.

The half-year surplus came to 3.11 trillion yen (28.81 billion dollars) compared to 5.196 trillion yen (48.11 billion dollars) for the same period last year. It was the sixth consecutive decline for a six-month period.

Japan's surplus with the United States during that time fell 35 per cent to 1.505 trillion yen (13.94 billion dollars) from 2.302 trillion yen (21.31 billion dollars) from the same period in 1995.

The declines reflect aggressive moves by Japanese manufacturers to move production overseas in order to escape the crushing effects of the strong

yen, which erodes the value of earnings made on goods exported from Japan, and sky-high labour and land costs at home.

Japan's surplus in merchandise trade with the rest of the world has been on a steadily declining trend for the past year and a half. The decline in June was the 19th consecutive month of year-on-year declines, and the annual surplus fell in 1995 for the first time in five years.

A ministry official briefing reporters said the government sees the declining trend in Japan's trade surplus continuing with the help of stronger imports.

In June, the surplus fell 26 per cent to 737.11 billion yen (6.825 billion dollars) from 989.57 billion yen (9.163 billion dollars) at current exchange rates in the same month last year.

Japan's politically sensitive trade surplus with the United States fell 17.9 per cent in June for the 16th consecutive monthly decrease, declining to 296.11 billion yen (2.742 billion dollars).

In April, the ministry began releasing trade data in yen terms only rather than in both yen and dollar terms.

Japan's trade figures are measured as goods clear customs but before adjustment for seasonal factors.

### Karnafuli Rayon Mill closed

**BANDARBAN, July 18:** The future of about 1,600 employees and officials of the Karnafuli Rayon and Chemical Mills, has become uncertain with the closure of the mill, reports UNB.

According to official sources, the authority closed the mill due to inadequate supply of raw materials.

They said pulp raw materials were supplied by Karnafuli Paper Mills (KPM) for a long time. But a few days back the paper mill authority stopped their supply.

KPM authority said that the Rayon Mill was asked to provide adequate quantity of bamboo, which is used as raw materials and as they failed to supply the same the supply of pulp to the mill had to be stopped.

Rayon staple fibre of Rayon Mill has a good demand in home and abroad.

## EU okays merger of Swiss pharmaceutical cos

**BRUSSELS, July 18:** The European Commission approved the merger of Swiss pharmaceutical companies Ciba-Geigy and Sandoz on Wednesday, less than three months after opening an antitrust investigation into the union, reports AP.

The decision leaves approval by the United States as the remaining big hurdle to the deal.

The new company, Novartis, would become the world's second largest pharmaceutical company after Britain's Glaxo Wellcome PLC and would have estimated annual sales of 21 billion dollars.

The linkup won European approval only after the companies agreed to surrender some of their hold on the market for animal health products, the commission said in a statement.

When it opened its probe in May, the commission had competition concerns in sectors where the companies' activities overlapped, especially drugs, pesticides and animal health goods.

The commission, which serves as the European Union's antitrust regulator, said it is now satisfied. "Although investigations have identified up to 100 affected markets, the merger is predominantly of a complementary nature," the statement said.

It said Novartis would face competition in all sectors of its business from major competitors such as Glaxo Wellcome, Pharmacia and Upjohn Inc., and Bayer AG and BASF AG of Germany.

"These competitors will ensure that these R-and-D-intensive markets remain dynamic," the Commission said.

### Modern Industries announces 8 pc dividend

Modern Industries (Bangladesh) Ltd., a company owning cold storage for potatoes, yesterday announced a dividend on eight per cent among its shareholders for the year 1995, reports UNB.

The dividend was announced at the company's 29th annual general meeting, presided over by Syeda Firdaus Naeem, chairperson of the organisation's Board of Directors.

In its annual report for 1995, the company said its capital increased by 66.67 per cent by virtue of Right Shares issued at 3:2.

In his speech, company Managing Director Syed Mohsen Ali said the storage capacity of the cold storage is now 5,000 metric tons, an increase by 500 tons in a year.

He said the company was awarded with Bangladesh Shipa Bank Credit for timely repayment of the loans borrowed from the BSB. This was one of the 12 Bangladesh companies to get the award.

Syed Mohsen, a veteran industrialist in the country, assured the shareholders that his company will gear up its activities to ensure more dividend to them in future.

Fazle Rabbi, the company's Director-in-Charge, answered various questions from the shareholders.

He also explained a number of measures that the company has initiated to increase its efficiency, including modernisation and installation of new equipment.

The meeting held at a local hotel was also attended by Syed Tareque Mohammad Ali, Syeda Husne Rabbi and Syeda Japan Mohsen, all members of the Board of Directors.

## Plastics waste management emerging as industry in India

**NEW DELHI, July 18:** Plastics waste management is emerging as an industry in India with materials valued at around twenty five thousand crore rupees recycled annually, reports BSS.

With the increased use of plastics in packaging, consumer durables and disposable industrial, medical and health care, building and construction, plastics as a group of materials have established themselves as an unavoidable part of Indian life, United News of India (UNI) said.

With the expected consumption of virgin plastics ranging between three to five million tonnes by the year 2001, the waste generated would vary between one to two million tonnes every year, the report said, quoting Deputy Chief of Building Materials and Technology Promotion Council O.P. Ratra.

Meanwhile, the prevailing method of recycling plastics waste in India has become a matter of concern as the environmentalists feel the technologies used for the purpose are not environment-friendly.

A total of one million people are engaged in the management of plastic waste in the country. More than one thousand tonnes of plastics wastes are received for sale to re-processors in plastic waste collection centres in different places daily.

He favoured an environment-friendly technology for re-cycling plastics waste through collective efforts.

## Global information security market to double by 2000

**SAN JOSE, California, July 18:** The global market to protect computer data will double by 2000 as the Internet becomes as common in businesses as in homes, according to Dataquest, a computer market research company, reports AFP.

The security market will expand to 13.1 billion dollars in 2000, up from 5.2 billion dollars in 1995, the San Jose, California-based global company said in a study published Tuesday.

Right now "many companies are barely scratching the surface of the Internet's capabilities," it said.

As the pioneers begin to demonstrate the vast improvements the Internet offers in efficiency and cost effectiveness in areas like personal finances, data delivery, and order processing, we expect the demand for security hardware and software will explode," said Allen Weiner, Director and Principal Analyst of Dataquest's Online Strategies programme.

Encryption software will play a prime role in the development of communications, remote access, and electronic commerce on the Internet, which is forecast to experience its greatest growth in 1996 and 1997, according to the study.

The information security market will undergo strong growth and approach nearly six billion dollars this year.



Adriano Severi, Area Manager Asia (3rd-R) and Ms Pusade, Area Controller Asia (4th-R) of ITT Sheraton Corporation recently visited Dhaka. San Amalan (3rd-L), General Manager and high officials of Dhaka Sheraton Hotel welcomed them upon arrival.